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CHARTER TOWNSHIP OF BANGOR BAY COUNTY, MICHIGAN

FINANCIAL STATEMENTS DECEMBER 31, 2005

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Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name CHARTER TOWNSHIP OF BANGOR	County BAY
Audit Date 12/31/05	Opinion Date 3/27/06	Date Accountant Report Submitted to State: June 8, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes or in the report of comments and recommendations

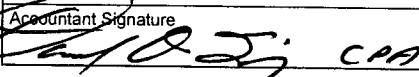
LOCAL AUDIT & FINA

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) WEINLANDER FITZHUGH, CPAS			
Street Address 1600 CENTER AVE	City BAY CITY	State MI	ZIP 48707-0775
Accountant Signature 		Date 6/8/06	

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INDEPENDENT AUDITORS' REPORT

March 27, 2006

Township Board
Charter Township of Bangor
Bay County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Bangor, Bay County, Michigan as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the index. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Bangor as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

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Township Board
Charter Township of Bangor
March 27, 2006
Page 2

The accompanying management's discussion and analysis and budgetary comparison information as noted in the index are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bangor Township's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Charter Township of Bangor
Management's Discussion & Analysis
For the Year Ended December 31, 2005

Our discussion and analysis of the Charter Township of Bangor's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2005.

Financial Highlights

State shared revenues accounted for \$1,204,846 or 46% of the Township's total general fund revenues. The General Fund reported a decrease in fund balance of \$94,026.

Using this Annual Financial Report

This annual financial report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Charter Township of Bangor financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole Township, presenting both an aggregate view of the Township's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For Governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending.

The fund financial statements look at the Township's operations in more detail than the Government-wide financial statements by providing information about the Township's most significant fund – the General Fund, with all other funds presented in one column as nonmajor funds. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the Government-wide financial statements for the Township's water and sewer operations. The remaining statement, the statement of fiduciary net assets, presents financial information about activities for which the Township acts solely as an agent or trustee.

The following summarizes the presentation included in this annual financial report.

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to the Basic Financial Statements

Budgetary Information for the General Fund, Sanitary Sewer Fund, and the Trash Collection Fund (Required Supplemental Information)

Other Supplemental Information

Charter Township of Bangor
Management's Discussion & Analysis
For the Year Ended December 31, 2005

Reporting the Township as a Whole

The Statement of Net Assets and Statement of Activities

One of the most important questions asked about the Township's finances is, "Is the Township better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the Township's net assets as a way to measure the Township's financial position. The change in net assets provides the reader a tool to assist in determining whether the Township's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as property tax base, and facility conditions in arriving at their conclusion regarding the overall health of the Township.

In the Statement of Net Assets and the Statement of Activities, the Township is divided into three kinds of activities:

- Governmental Activities – Most of the Township's basic services are reported here, including the fire, trash, inspection, drains and general administration. Sales taxes (stated shared revenues), property taxes and franchise fees finance most of these activities.
- Business Type Activities – The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Township's water and sewer systems are reported here.
- Component Units – The Township includes two separate legal entities in its report - Downtown Development Authority and Economic Development Corporation. Although legally separate, these component units are important because the Township is financially accountable for them.

Reporting the Township's Most Significant Funds

Fund Financial Statements

The Township's fund financial statements provide detailed information about the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. Other funds are established to help it control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants, and other sources of revenue. The Township's three types of funds, Governmental, proprietary and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

Charter Township of Bangor
Management's Discussion & Analysis
For the Year Ended December 31, 2005

Governmental Funds

Most of the Township's activities are reported in Governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The Governmental fund statements provide a detailed short-term view of the Township's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources available to spend in the near future to finance the Township's programs. The relationship (or differences) between Governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and Governmental funds is reconciled in the basic financial statements.

Proprietary Funds

These funds are reported in fund financial statements and generally report services for which the Township charges a fee. Enterprise funds essentially encompass the same functions reported as business-type activities in the Government-wide statements.

This fund presents the Township's water and sewer operations that are managed by the Bay County Department of Water and Sewer. The Township has sole authority to set rates and is financially responsible for the integrity of the system.

Fiduciary Funds

The Township is the trustee, or fiduciary, for tax collections and (other funds). All of the Township's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the Township's other financial statements because the assets cannot be utilized by the Township to finance its operations.

Township-wide Financial Analysis

Financial position - The statement of net assets provides the perspective of the Township as a whole. Exhibit A provides a summary of the Township's net assets as of December 31, 2005 and 2004.

Charter Township of Bangor
Management's Discussion & Analysis
For the Year Ended December 31, 2005

Exhibit A	Governmental Activities		Business-Type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Assets						
Current and other assets	\$ 4,671,939	\$ 4,737,709	\$ 3,519,835	\$ 2,816,130	\$ 8,191,774	\$ 7,553,839
Capital assets - net of accumulated depreciation	1,456,873	1,544,501	13,021,650	13,268,347	14,478,523	14,812,848
Total assets	6,128,812	6,282,210	16,541,485	16,084,477	22,670,297	22,366,687
Liabilities						
Current liabilities	1,724,886	1,768,197	1,275,147	765,921	3,000,033	2,534,118
Long-term liabilities	0	0	1,394,283	2,155,022	1,394,283	2,155,022
Total liabilities	1,724,886	1,768,197	2,669,430	2,920,943	4,394,316	4,689,140
Net Assets						
Invested in property and equipment - net of related debt	1,456,873	1,544,501	10,902,088	10,422,146	12,358,961	11,966,647
Restricted	1,511,155	1,440,135	0	0	1,511,155	1,440,135
Unrestricted	1,435,898	1,529,377	2,969,967	2,741,388	4,405,865	4,270,765
Total net assets	\$ 4,403,926	\$ 4,514,013	\$ 13,872,055	\$ 13,163,534	\$ 18,275,981	\$ 17,677,547

Exhibit A focuses on net assets. The Township's total net assets were \$4,403,926 at December 31, 2005. Capital assets net of related debt, totaling \$1,456,873 compares the original costs, less depreciation of the Township's capital assets to long-term debt used to finance the acquisition of those assets. Restricted net assets of \$1,511,155 are reported separately to show legal constraints that limit the Township's ability to use those net assets for day-to-day operations.

The \$4,405,865 of unrestricted net assets of Governmental and Business-Type Activities represents the *accumulated* results of all past years' operations. The operating results of the General, Special Revenue, and Enterprise Funds will have a significant impact on the change in unrestricted assets from year to year.

Results of operations - The results of this year's operations for the Township as a whole are reported in the statement of activities, which shows the changes in net assets for the year ended December 31, 2005. Exhibit B provides a summary of the Township's operations as of December 31, 2005 and 2004.

Charter Township of Bangor
Management's Discussion & Analysis
For the Year Ended December 31, 2005

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<u>Exhibit B</u>						
Revenue						
Program revenue:						
Charges for services	\$ 575,042	\$ 766,867	\$ 3,232,157	\$ 3,178,001	\$ 3,807,199	\$ 3,944,868
Grants and contributions	414,548	30,000	469,091	301,902	883,639	331,902
General revenue:						
Taxes	1,668,917	1,608,040	0	0	1,668,917	1,608,040
State shared revenue	1,204,846	1,192,263	0	0	1,204,846	1,192,263
Interest and investment	124,244	68,999	94,233	31,695	218,477	100,694
Other	224,299	228,655	0	0	224,299	228,655
Total revenue	<u>4,211,896</u>	<u>3,894,824</u>	<u>3,795,481</u>	<u>3,511,598</u>	<u>8,007,377</u>	<u>7,406,422</u>
Function/Program Expenses						
Legislative	35,377	34,964	0	0	35,377	34,964
General government	865,826	890,101	0	0	865,826	890,101
Public safety	1,421,177	1,359,081	0	0	1,421,177	1,359,081
Public works	133,827	96,988	0	0	133,827	96,988
Recreation activities	269,938	62,213	0	0	269,938	62,213
Protective inspections	186,060	158,851	0	0	186,060	158,851
Sanitation	673,813	668,388	0	0	673,813	668,388
Other	475,463	216,828	0	0	475,463	216,828
Payment to enterprise fund	260,502	301,902	0	0	260,502	301,902
Water and sewer	0	0	3,086,960	2,920,920	3,086,960	2,920,920
Total expenses	<u>4,321,983</u>	<u>3,789,316</u>	<u>3,086,960</u>	<u>2,920,920</u>	<u>7,408,943</u>	<u>6,710,236</u>
Increase (Decrease) in Net Assets	<u>\$ (110,087)</u>	<u>\$ 105,508</u>	<u>\$ 708,521</u>	<u>\$ 590,678</u>	<u>\$ 598,434</u>	<u>\$ 696,186</u>

Charter Township of Bangor
Management's Discussion & Analysis
For the Year Ended December 31, 2005

As reported in the statement of activities, the cost of all of our *Governmental and Business-Type* Activities this year was \$7,408,943. Certain activities were partially funded by \$3,807,199 from those who benefited from the programs, or by the other Townships and organizations that subsidized certain programs with grant and contributions of \$883,639. We paid for the remaining "public benefit" portion of our Governmental and Business-Type Activities with \$1,668,917 in taxes, \$1,204,846 in state shared revenue, and with our other revenues, such as interest and miscellaneous revenues.

The Township experienced an increase in net assets of \$598,434, mainly due to actual expenditures being less than anticipated. There were no significant revenue increases this year. The increase in net assets differs from the change in fund balance and a reconciliation appears in the financial statements.

The governmental activities net assets experienced a decrease of \$110,087 resulting from actual expenses incurred being higher than expected levels.

The water and sewer funds experienced an increase of \$590,678 resulting from an excess of customer charges over expenditures and an increase in interest earnings for the year.

The Township's Funds

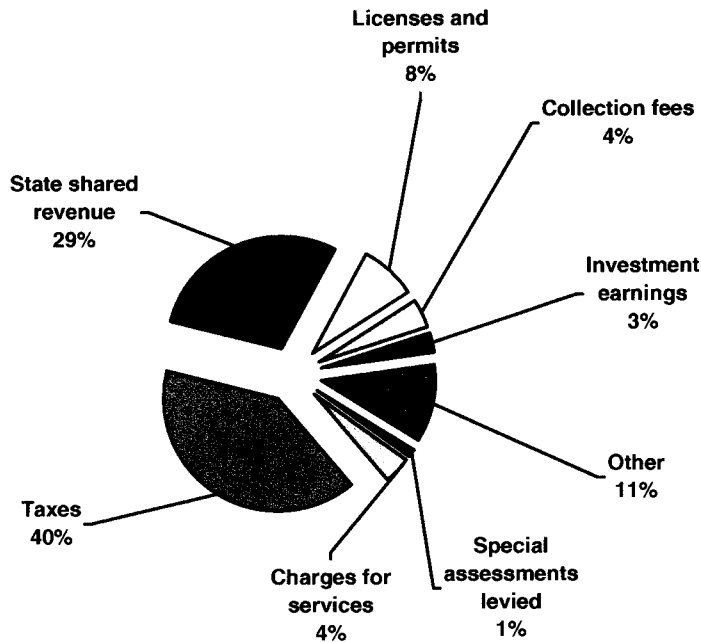
The Township uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the Township is being accountable for the resources taxpayers and others provide to it and may provide more insight into the Township's overall financial health.

The Township's Governmental funds reported a combined fund balance of \$2,947,053, which is below last year's total of \$2,969,512. The schedule below details the fund balance and the total change in fund balances as of December 31, 2005.

	<u>Fund Balance</u> <u>December 31, 2005</u>	<u>Fund Balance</u> <u>December 31, 2004</u>	<u>Increase</u> <u>(Decrease)</u>
General fund	\$ 1,435,898	\$ 1,529,924	\$ (94,026)
Special revenue funds	1,511,155	1,439,588	71,567
Total	<u>\$ 2,947,053</u>	<u>\$ 2,969,512</u>	<u>\$ (22,459)</u>

Charter Township of Bangor
Management's Discussion & Analysis
For the Year Ended December 31, 2005

The graph below details the major sources of the Township's governmental revenues.



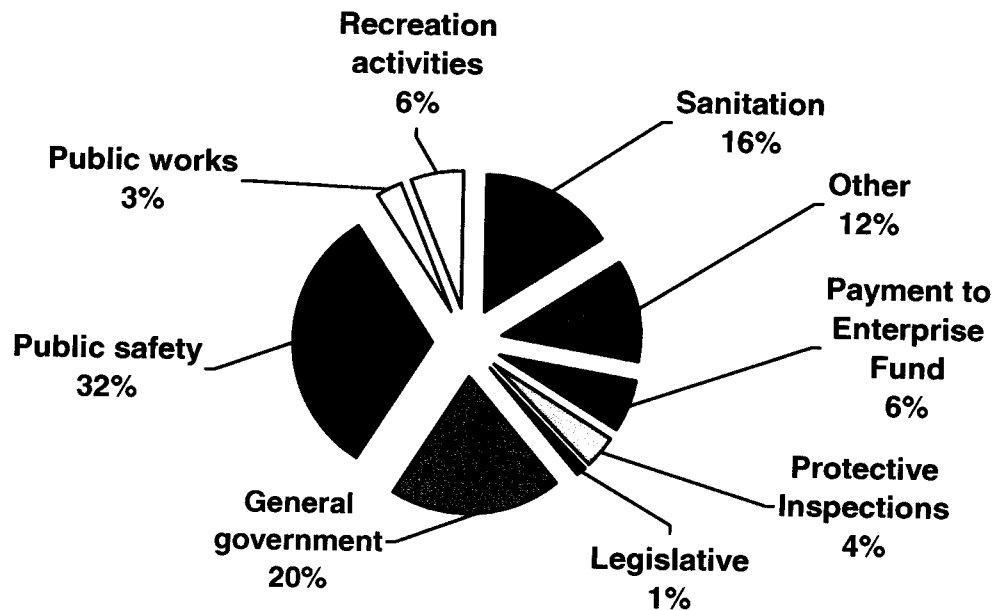
The chart below compares current year revenues with last year.

	2005	2004	Percentage Change
<i>Revenues by Function</i>			
Taxes	\$ 1,669,000	\$ 1,608,000	4%
State shared revenue	1,205,000	1,192,000	1%
Other	463,000	148,000	213%
Licenses and permits	345,000	465,000	-26%
Collection fees	179,000	173,000	3%
Charges for services	169,000	137,000	23%
Investment earnings	138,000	69,000	100%
Special assessments levied	44,000	103,000	-57%
Total	<u>\$ 4,212,000</u>	<u>\$ 3,895,000</u>	<u>8%</u>

Overall, 2005 revenues are up \$317,000 or 8% mainly due to grants for the Saginaw Bay Trailway, sidewalks and fire department. As for the General Fund, there was an increase in state shared revenue of approximately \$13,000 from the prior year.

Charter Township of Bangor
Management's Discussion & Analysis
For the Year Ended December 31, 2005

The graph below details the governmental expenditure categories of the Township.



The chart below compares current year expenditures with last year.

<i>Expenditures by Function</i>	2005	2004	Percentage Change
Legislative	\$ 35,000	\$ 35,000	0%
General government	809,000	833,000	-3%
Public safety	1,363,000	1,300,000	5%
Public works	134,000	97,000	38%
Recreation activities	270,000	62,000	335%
Protective inspections	184,000	159,000	16%
Sanitation	669,000	664,000	1%
Other	509,000	606,000	-16%
Payment to Enterprise Fund	261,000	302,000	-14%
Total	<u>\$ 4,234,000</u>	<u>\$ 4,058,000</u>	<u>4%</u>

Charter Township of Bangor
Management's Discussion & Analysis
For the Year Ended December 31, 2005

Expenditures are up \$176,000 from the prior year mostly due to the final construction of the Saginaw Bay Trailway (Rail Trail) Phase II project.

Water and Sewer System Funds -The Township's Proprietary funds (the Bay County DWS Bangor Water and Sewer Enterprise Funds) reported net assets of \$13,663,901, which is an increase of \$500,367 over last year's net assets of \$13,163,534. Operating revenues exceeded operating expenses for the year.

General Fund Budgetary Highlights

Over the course of the year, the Township revises its budget to reflect changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the Township's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements. Changes to the General Fund original budget were as follows:

- Budgeted revenues increased by about \$399,000 and budgeted expenditures increased by about \$195,000 during the fiscal year. This is mainly due to grant projects such as the Saginaw Bay Trailways Phase II and the fire department Turn-out Gear.
- Actual revenues for the year were \$97,504 less than anticipated during the fiscal year. The overall change was mainly due to grant and special assessment funds.
- Actual expenditures for the year were \$196,000 less than anticipated, mainly in the public safety and public works areas. The public safety decrease was due to anticipated expenditures in the fire department that were not required and donation funds that were not fully expended. The decrease of expenditures in public works was not significant and related to project activities.

Charter Township of Bangor
Management's Discussion & Analysis
For the Year Ended December 31, 2005

Capital Assets

At December 31, 2005, the Township had \$26.9 million invested in a broad range of capital assets, including land, buildings, equipment, transportation equipment, water and sewer systems. This amount represents a net increase (including additions and disposals) of approximately \$274,000, from last year.

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2005	2004	2005	2004	2005	2004
Land	\$ 286,164	\$ 286,164	\$ 0	\$ 0	\$ 286,164	\$ 286,164
Buildings and improvements	1,441,531	1,441,531	0	0	1,441,531	1,441,531
Equipment	483,279	449,269	0	0	483,279	449,269
Transportation equipment	1,081,905	1,081,905	0	0	1,081,905	1,081,905
Water system	0	0	5,652,693	5,648,866	5,652,693	5,648,866
Sewer System	0	0	18,005,007	17,768,745	18,005,007	17,768,745
 Total capital assets	 3,292,879	 3,258,869	 23,657,700	 23,417,611	 26,950,579	 26,676,480
 Less accumulated depreciation	 1,836,006	 1,714,368	 10,636,050	 10,149,264	 12,472,056	 11,863,632
 Net capital assets	 <u>\$ 1,456,873</u>	 <u>\$ 1,544,501</u>	 <u>\$ 13,021,650</u>	 <u>\$ 13,268,347</u>	 <u>\$ 14,478,523</u>	 <u>\$ 14,812,848</u>

This year's additions for Governmental Activities of \$34,010 included equipment. No debt was issued for this equipment.

This year's additions for Business-Type Activities of \$240,089 included equipment and system improvements.

We present more detailed information about our Governmental Activities capital assets in the notes to the financial statements. We anticipate capital additions next year will be as follows:

Auto Mark voting device (7)
Independence Boat Launch Property

Capital additions to our Business-Type Activities for next year have not been determined.

Charter Township of Bangor
Management's Discussion & Analysis
For the Year Ended December 31, 2005

Debt

At the end of this year, the Township had \$2.1 million in long-term debt outstanding versus \$2.8 million in the previous year. All of the Township's debt is related to water system improvements and is reported in the proprietary fund as the Bay County Department of Water and Sewer Bangor Enterprise Fund. This debt is summarized as follows:

	<u>2005</u>	<u>2004</u>
Revenue bonds	\$ 179,353	\$ 295,591
Special assessment bonds	1,921,776	2,522,331
	<u>\$ 2,101,129</u>	<u>\$ 2,817,922</u>

Factors Expected to Have an Effect on Future Operations

We expect again to see a decline in state shared revenue next year as the State of Michigan continues to face challenges in balancing its budget. As in prior years, the Township has faced a continued increase in the cost for health care benefits and property insurance premiums.

The Township will need to seek an increase in revenue and continue to adjust its expenditures. To assist with the balance of the 2005 budget, the Township made a staff change within the fire department of elimination of a position. The budget also reflects a reduction in office hours.

The Township residents may be asked to support an operational millage to balance the revenue shortfalls.

Contacting The Township's Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, contact the Township Clerk's Office at 180 State Park Drive, Bay City, MI 48706-1763.

Charter Township of Bangor
Statement of Net Assets
December 31, 2005

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>Assets</u>				
Cash and investments	\$ 3,094,191	\$ 3,303,380	\$ 6,397,571	\$ 588,742
Receivables:				
Accounts receivable	0	132,571	132,571	0
Accrued interest receivable	0	16,425	16,425	0
Taxes receivable	969,606	0	969,606	294,892
Grants receivable	32,498	0	32,498	0
Due from governmental funds	0	0	0	2,246
Due from fiduciary funds	574,847	0	574,847	94,047
Due from other governments	0	62,935	62,935	0
Prepaid expenses	797	4,524	5,321	0
Capital assets less accumulated depreciation	1,456,873	13,021,650	14,478,523	18,333
Total assets	6,128,812	16,541,485	22,670,297	998,260
<u>Current Liabilities</u>				
Accounts payable	227,370	483,161	710,531	1,224
Accrued payroll	0	1,626	1,626	0
Accrued interest payable	0	18,433	18,433	4,113
Deferred revenue	1,494,170	0	1,494,170	388,939
Due to component units	2,246	0	2,246	0
Hall security deposit	1,100	0	1,100	0
Compensated absences	0	9,762	9,762	0
Bonds payable	0	762,165	762,165	33,750
Total current liabilities	1,724,886	1,275,147	3,000,033	428,026
<u>Long-term liabilities</u>				
Compensated absences	0	55,319	55,319	0
Bonds payable	0	1,338,964	1,338,964	504,375
Total long-term liabilities	0	1,394,283	1,394,283	504,375
Total liabilities	1,724,886	2,669,430	4,394,316	932,401
<u>Net Assets</u>				
Investment in capital assets - net of related debt	1,456,873	10,902,088	12,358,961	18,333
Restricted	1,511,155	0	1,511,155	0
Unrestricted	1,435,898	2,969,967	4,405,865	47,526
Total net assets	\$ 4,403,926	\$ 13,872,055	\$ 18,275,981	\$ 65,859

See accompanying notes to financial statements.

Charter Township of Bangor
Statement of Activities
For the Year Ended December 31, 2005

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Capital Grants/Contributions	Governmental Activities	Business-type Activities	Total	Component Units
Primary government:							
Legislative	\$ 35,377	\$ 0	\$ 0	\$ (35,377)	\$ 0	\$ (35,377)	\$ 0
General government	865,826	286,061	0	(579,765)	0	(579,765)	0
Public safety	1,421,177	0	33,048	(1,388,129)	0	(1,388,129)	0
Public works	133,827	0	0	(133,827)	0	(133,827)	0
Recreation activities	269,938	0	207,500	(62,438)	0	(62,438)	0
Protective inspections	186,060	192,074	0	6,014	0	6,014	0
Sanitation	673,813	3,022	0	(670,791)	0	(670,791)	0
Other	475,463	0	174,000	(301,463)	0	(301,463)	0
Payment to enterprise fund	260,502	93,885	0	(166,617)	0	(166,617)	0
Total governmental activities	4,321,983	575,042	414,548	(3,332,393)	0	(3,332,393)	0
Business-type activities:							
Water	1,392,895	1,715,736	0	0	322,841	322,841	0
Sewer	1,694,065	1,516,421	469,091	0	291,447	291,447	0
Total business-type activities	3,086,960	3,232,157	469,091	0	614,288	614,288	0
Total primary government	\$7,408,943	\$3,807,199	\$ 883,639	(3,332,393)	614,288	(2,718,105)	0
Component Units:							
Downtown Development Authority	172,022	0	0	0	0	0	(172,022)
Economic Development Corporation	0	0	0	0	0	0	0
Total component units	\$ 172,022	\$ 0	\$ 0	0	0	0	(172,022)
General Revenues:							
Taxes				1,668,917	0	1,668,917	365,620
State shared revenue				1,204,846	0	1,204,846	0
Interest and investment earnings				124,244	94,233	218,477	15,667
Other				224,299	0	224,299	0
Total general revenues				3,222,306	94,233	3,316,539	381,287
Change in net assets				(110,087)	708,521	598,434	209,265
Net assets - beginning of year				4,514,013	13,163,534	17,677,547	(143,406)
Net assets - end of year				\$ 4,403,926	\$ 13,872,055	\$18,275,981	\$ 65,859

See accompanying notes to financial statements.

Charter Township of Bangor
 Governmental Funds
 Balance Sheet
 December 31, 2005

ASSETS

	General	Sanitary Sewer	Trash Collection	Other Nonmajor Governmental Funds	Total
Cash and investments	\$ 1,515,461	\$ 1,061,912	\$ 154,830	\$ 361,988	\$ 3,094,191
Receivables:					
Taxes receivable	426,226	6,112	392,226	145,042	969,606
Grants receivable	32,498	0	0	0	32,498
Due from fiduciary funds	211,707	5,047	290,685	67,408	574,847
Due from governmental funds	8,832	0	0	0	8,832
Prepaid expenses	597	0	0	200	797
Total assets	\$ 2,195,321	\$ 1,073,071	\$ 837,741	\$ 574,638	\$ 4,680,771

LIABILITIES AND FUND BALANCE

Liabilities					
Accounts payable	\$ 168,427	\$ 210	\$ 54,895	\$ 3,838	\$ 227,370
Due to governmental funds	0	0	1,519	7,313	8,832
Due to component units	2,246	0	0	0	2,246
Deferred revenue	587,650	11,159	682,911	212,450	1,494,170
Hall security deposits	1,100	0	0	0	1,100
Total liabilities	759,423	11,369	739,325	223,601	1,733,718
Fund Balance					
Reserved	0	1,061,702	98,416	351,037	1,511,155
Unreserved:					
Designated	360,309	0	0	0	360,309
Undesignated	1,075,589	0	0	0	1,075,589
Total fund balance	1,435,898	1,061,702	98,416	351,037	2,947,053
Total liabilities and fund balance	\$ 2,195,321	\$ 1,073,071	\$ 837,741	\$ 574,638	\$ 4,680,771

See accompanying notes to financial statements.

Charter Township of Bangor
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Assets
December 31, 2005

Total fund balance - governmental funds	\$ 2,947,053
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of the capital assets	3,292,879
Accumulated depreciation	<u>(1,836,006)</u>
Total net assets - governmental activities	<u>\$ 4,403,926</u>

See accompanying notes to financial statements.

Charter Township of Bangor
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2005

	General	Sanitary Sewer	Trash Collection	Other Nonmajor Governmental Funds	Total
<u>Revenues</u>					
Taxes	\$ 577,902	\$ 207,118	\$ 679,526	\$ 204,371	\$ 1,668,917
Collection fees	179,395	0	0	0	179,395
State shared revenue	1,204,846	0	0	0	1,204,846
Special assessments levied	43,657	0	0	0	43,657
Charges for services	72,510	93,885	3,022	0	169,417
Interest	92,385	25,139	8,196	11,871	137,591
Licenses and permits	153,276	0	0	192,074	345,350
Grants	33,048	174,000	0	0	207,048
Other	234,105	0	0	562	234,667
Total revenues	2,591,124	500,142	690,744	408,878	4,190,888
<u>Expenditures</u>					
Legislative	35,377	0	0	0	35,377
General government	809,031	0	0	0	809,031
Public safety	1,362,915	0	0	0	1,362,915
Public works	133,827	0	0	0	133,827
Recreation activities	269,938	0	0	0	269,938
Protective inspections	0	0	0	0	0
Sanitation	0	0	0	184,076	184,076
Other	79,466	177,671	0	0	669,216
Capital outlay	15,604	0	0	218,326	475,463
Payment to Enterprise Fund for debt service	0	260,502	0	18,406	34,010
Total expenditures	2,706,158	438,173	669,216	420,808	4,234,355
Excess (deficiency) of revenues over expenditures	(115,034)	61,969	21,528	(11,930)	(43,467)
<u>Other Financing Sources (Uses)</u>					
Transfers in	21,008	0	0	0	21,008
Excess (deficiency) of revenues and other sources over expenditures and other financing uses	(94,026)	61,969	21,528	(11,930)	(22,459)
Fund balance - beginning of year	1,529,924	999,733	76,888	362,967	2,969,512
Fund balance - end of year	\$ 1,435,898	\$ 1,061,702	\$ 98,416	\$ 351,037	\$ 2,947,053

See accompanying notes to financial statements.

Charter Township of Bangor
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2005

Net change in fund balance - total governmental funds \$ (22,459)

Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures; in the
statement of activities, these costs are allocated over their
estimated useful lives as depreciation:

Depreciation expense	(121,638)	
Capital outlay	<u>34,010</u>	<u>(87,628)</u>

Change in net assets of governmental activities \$ (110,087)

See accompanying notes to financial statements.

Charter Township of Bangor
Proprietary Funds
Statement of Net Assets
December 31, 2005

	Business-Type Activities		
	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<u>Assets</u>			
Current Assets			
Cash and investments	\$ 2,267,998	\$ 1,035,382	\$ 3,303,380
Accounts receivables - net	24,513	108,058	132,571
Interest receivable	10,314	6,111	16,425
Due from other governments	62,935	0	62,935
Prepaid expenses	2,485	2,039	4,524
Total current assets	<u>2,368,245</u>	<u>1,151,590</u>	<u>3,519,835</u>
Capital assets - at cost	5,652,693	18,005,007	23,657,700
Less allowance for depreciation	(2,399,014)	(8,237,036)	(10,636,050)
Net capital assets	<u>3,253,679</u>	<u>9,767,971</u>	<u>13,021,650</u>
Total Assets	<u>5,621,924</u>	<u>10,919,561</u>	<u>16,541,485</u>
<u>Liabilities</u>			
Current Liabilities			
Accounts payable	471,093	12,068	483,161
Accrued payroll	1,078	548	1,626
Accrued interest payable	1,058	17,375	18,433
Compensated absences	9,762	0	9,762
Bonds payable	121,573	640,592	762,165
Total current liabilities	<u>604,564</u>	<u>670,583</u>	<u>1,275,147</u>
Long-term Liabilities			
Compensated absences	55,319	0	55,319
Bonds payable	57,780	1,281,184	1,338,964
Total long-term liabilities	<u>113,099</u>	<u>1,281,184</u>	<u>1,394,283</u>
Total Liabilities	<u>717,663</u>	<u>1,951,767</u>	<u>2,669,430</u>
<u>Net Assets</u>			
Invested in capital assets - net of related debt	3,073,268	7,828,820	10,902,088
Unrestricted	<u>1,830,993</u>	<u>1,138,974</u>	<u>2,969,967</u>
Total Net Assets	<u>\$ 4,904,261</u>	<u>\$ 8,967,794</u>	<u>\$13,872,055</u>

See accompanying notes to financial statements

Charter Township of Bangor
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended December 31, 2005

	Business-Type Activities		
	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Gross service charges	\$ 1,615,326	\$ 1,514,821	\$ 3,130,147
Water costs	835,174	0	835,174
Gross profit	780,152	1,514,821	2,294,973
Operating revenues:			
Service connections	36,315	0	36,315
Charges, fees, etc.	64,095	1,600	65,695
Total operating revenues	100,410	1,600	102,010
Operating expenses:			
Personal services	255,411	145,707	401,118
Utilities	5,235	8,900	14,135
Regional charges	0	995,300	995,300
Operation and maintenance	79,841	27,212	107,053
Administration	46,605	42,525	89,130
Fiscal and other charges	27,663	5,468	33,131
Depreciation	130,885	355,901	486,786
Total operating expenses	545,640	1,581,013	2,126,653
Operating income	334,922	(64,592)	270,330
Nonoperating revenues (expenses):			
Interest income	57,267	36,966	94,233
Interest expense	(12,081)	(113,052)	(125,133)
Payment by local unit	0	469,091	469,091
Change in net assets	380,108	328,413	708,521
Net assets - beginning of year	4,524,153	8,639,381	13,163,534
Net assets - end of year	\$ 4,904,261	\$ 8,967,794	\$ 13,872,055

See accompanying notes to financial statements

Charter Township of Bangor
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2005

	Business-Type Activities		
	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash flows from operating activities:			
Cash received from customers	\$ 1,613,979	\$ 1,514,146	\$3,128,125
Cash payments to suppliers for goods and services	(530,747)	(1,072,250)	(1,602,997)
Cash payments to employees for services	(253,293)	(145,159)	(398,452)
Other operating income	37,475	1,600	39,075
Net cash provided by operating activities	867,414	298,337	1,165,751
Cash flows from capital and related financing activities:			
Principal paid on long-term debt	(116,237)	(600,555)	(716,792)
Interest paid on long-term debt	(12,766)	(122,213)	(134,979)
Payments from (to) local units	0	260,502	260,502
Acquisition and construction of capital assets	(3,827)	(27,673)	(31,500)
Net cash (used) by capital and related financing activities	(132,830)	(489,939)	(622,769)
Cash flows from investing activities:			
Interest and investment earnings	49,952	33,143	83,095
Net increase (decrease) in cash and cash equivalents	784,536	(158,459)	626,077
Cash and cash equivalents, beginning of year	1,483,462	1,193,841	2,677,303
Cash and cash equivalents, end of year	\$ 2,267,998	\$ 1,035,382	\$3,303,380

See accompanying notes to financial statements

Charter Township of Bangor
Statement of Fiduciary Net Assets
December 31, 2005

	<u>Treasurer's Trust and Agency</u>	<u>Current Tax Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments	<u>\$ 22,518</u>	<u>\$1,762,321</u>	<u>\$ 1,784,839</u>
<u>LIABILITIES</u>			
Due to governmental funds	\$ 204	\$ 574,643	\$ 574,847
Due to component units	0	94,047	94,047
Undistributed current taxes	<u>22,314</u>	<u>1,093,631</u>	<u>1,115,945</u>
Total Liabilities	<u>\$ 22,518</u>	<u>\$1,762,321</u>	<u>\$ 1,784,839</u>

See accompanying notes to financial statements.

Charter Township of Bangor
Component Units
Statement of Net Assets
December 31, 2005

	<u>Downtown Development Authority</u>	<u>Economic Development Corporation</u>	<u>Total Component Units</u>
<u>Assets</u>			
Cash and investments	\$ 580,133	\$ 8,609	\$ 588,742
Taxes receivable	294,892	0	294,892
Due from governmental funds	2,246	0	2,246
Due from fiduciary funds	94,047	0	94,047
Capital assets - net	<u>18,333</u>	<u>0</u>	<u>18,333</u>
Total assets	<u>989,651</u>	<u>8,609</u>	<u>998,260</u>
<u>Liabilities</u>			
Accounts payable	1,224	0	1,224
Accrued interest payable	4,113	0	4,113
Deferred revenue	388,939	0	388,939
Long-term liabilities:			
Due within one year	33,750	0	33,750
Due in more than one year	<u>504,375</u>	<u>0</u>	<u>504,375</u>
Total liabilities	<u>932,401</u>	<u>0</u>	<u>932,401</u>
<u>Net Assets</u>			
Investment in capital assets - net of related debt	18,333	0	18,333
Unrestricted	<u>38,917</u>	<u>8,609</u>	<u>47,526</u>
Total net assets	<u>\$ 57,250</u>	<u>\$ 8,609</u>	<u>\$ 65,859</u>

See accompanying notes to financial statements

Charter Township of Bangor
Component Units
Statement of Activities

For the Year Ended December 31, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Downtown Development Authority	Economic Development Corporation	Total
Downtown Development Authority						
General government	\$ 17,506	\$ 0	\$ 0	\$ (17,506)	\$ 0	\$ (17,506)
Public works	127,219	0	0	(127,219)	0	(127,219)
Interest on long-term debt	27,297	0	0	(27,297)	0	(27,297)
	<u>172,022</u>	<u>0</u>	<u>0</u>	<u>(172,022)</u>	<u>0</u>	<u>(172,022)</u>
Economic Development Corporation	0	0	0	0	0	0
Total component units	<u>\$ 172,022</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(172,022)</u>	<u>0</u>	<u>(172,022)</u>
General Revenues:						
Taxes				365,620	0	365,620
Interest and investment earnings				15,465	202	15,667
Other				0	0	0
Total general revenues				<u>381,085</u>	<u>202</u>	<u>381,287</u>
Change in net assets				209,063	202	209,265
Net assets - beginning of year				<u>(151,813)</u>	<u>8,407</u>	<u>(143,406)</u>
Net assets - end of year				<u>\$ 57,250</u>	<u>\$ 8,609</u>	<u>\$ 65,859</u>

See accompanying notes to financial statements

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Charter Township of Bangor conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Bangor:

Reporting Entity

The Charter Township of Bangor was organized in 1979 under the Charter Township Act of 1947 and covers an area of approximately 15.3 square miles. The Township operates under an elected board (seven members) and provides services to its more than 15,500 residents in many areas including fire protection, highways and streets. The reporting entity for the Township is based on criteria set forth by statements issued by the Governmental Accounting Standards Board. All activities over which the Township exercises oversight responsibility have been included in the reporting entity. Oversight responsibility is determined by factors such as financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters of the entity.

Discretely Presented Component Units - The component unit column in the basic financial statements, which represents the financial data of the Charter Township of Bangor Downtown Development Authority and the Economic Development Corporation of the Charter Township of Bangor, is reported in a separate column to emphasize that it is legally separate from the Township. The governing body of the Downtown Development Authority consists of the Chief Executive Officer of the Charter Township of Bangor and eight (8) members as provided by Act 197. The Authority was established to correct and prevent urban deterioration and encourage economic development. The governing body of the Economic Development Corporation consists of nine members appointed by the Township Board of Trustees and two additional members appointed by the Economic Development Corporation members as provided by Act 338. The Economic Development Corporation was established as a means and method for the encouragement and assistance of industrial and commercial enterprises in locating and expanding in the Township and to more conveniently provide needed services and facilities of such enterprises to the Township and its residents.

These statements also include the water and sewer systems managed by the Bay County Department of Water and Sewer on behalf of the Township. GASB #34 now requires this activity to be reported in the Township's annual financial statements. The Township has sole authority to set rates and is financially responsible for the integrity of the system. The financial statements reflect the financial position and results of operations for the systems for the calendar year 2005. These funds are the Township's only proprietary funds.

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, state shared revenues, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue in the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

The Government reports the following major funds:

General Fund - The General Fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

Sanitary Sewer Fund – The Sanitary Sewer Fund is used to record transactions relative to the operation of the sewer system in the Township.

Trash Collection Fund – The Trash Collection Fund is used to record transactions for the collection of trash in the Township.

Bay County Department of Water and Sewer Enterprise Funds – These funds account for the activities of providing water and sewer services to the public. These activities are managed by the Bay County Department of Water and Sewer on behalf of the Township. These funds are the Township's only proprietary funds.

Assets, Liabilities, and Net Assets or Equity

Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities are reported in the government-wide financial statements as “internal balances”.

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Capital Assets – Capital assets, which include land, buildings, equipment and infrastructure assets are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add value or materially extend asset lives are not capitalized.

Land, building, equipment and infrastructure is depreciated using the straight-line method over the following useful lives:

Buildings	39 Years
Building and land improvements	7 to 20 Years
Water and sewer lines	40 to 50 Years
Equipment	7 to 20 Years
Transportation equipment	5 to 15 Years

Long-term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates – The process of preparing the basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 – BUDGETS

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for General and Special Revenue Funds of governments prior to the expenditure of monies in a fiscal year.

The Charter Township of Bangor follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Government's supervisor submits to the Board a proposed budget prior to October 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Budgeted amounts are as originally adopted, or as amended by the Board throughout the year. Individual amendments were not material in relation to the original appropriations. Budgets are adopted to the functional level.
4. Appropriations lapse at year-end. These appropriations are re-established at the beginning of the following year.

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board) for the General Fund, Sanitary Sewer Fund and Trash Collection Fund is presented as Required Supplemental Information.

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2005

NOTE 3 – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Government to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Government is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rates within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The Government's deposits are in accordance with statutory authority.

At year-end, the Government's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>	<u>Component Units</u>
Cash and investments	<u>\$ 3,094,191</u>	<u>\$ 3,303,380</u>	<u>\$ 1,784,839</u>	<u>\$8,182,410</u>	<u>\$ 588,742</u>
Total	<u><u>\$ 3,094,191</u></u>	<u><u>\$ 3,303,380</u></u>	<u><u>\$ 1,784,839</u></u>	<u><u>\$8,182,410</u></u>	<u><u>\$ 588,742</u></u>

The breakdown between deposits and investments is as follows:

Deposits (checking and savings accounts, certificates of deposit)	\$ 5,386,120
Deposits and investments held at the Department of Water and Sewer	3,303,380
Investments (money market mutual funds)	80,952
Petty cash and cash on hand	<u>700</u>
Total	<u><u>\$ 8,771,152</u></u>

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2005, \$4,505,123 of the Township's bank balance of \$5,205,123 was exposed to custodial credit risk because it was uninsured and uncollateralized. At December 31, 2005, \$401,824 of the component unit's bank balance of \$526,572 was exposed to custodial credit risk. Business-type activity funds of \$3,303,380 are with the Department of Water and Sewer. The composition of deposits and investments and the amount of deposits covered by federal depository insurance cannot be determined.

The Township's investment policy does not identify interest rate risk, foreign currency risk or concentration of credit risk.

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2005

NOTE 4 - CAPITAL ASSETS

Capital asset activity of the Township for the current year was as follows:

	Beginning Balance	Additions	Disposals and Adjustments	Ending Balance
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 286,164	\$ 0	\$ 0	\$ 286,164
Capital assets being depreciated:				
Buildings and improvements	1,441,531	0	0	1,441,531
Equipment	449,269	34,010	0	483,279
Transportation equipment	1,081,905	0	0	1,081,905
Subtotal	<u>2,972,705</u>	<u>34,010</u>	<u>0</u>	<u>3,006,715</u>
Less accumulated depreciation for:				
Buildings and improvements	674,992	39,358	0	714,350
Equipment	293,599	43,553	0	337,152
Transportation equipment	745,777	38,727	0	784,504
Subtotal	<u>1,714,368</u>	<u>121,638</u>	<u>0</u>	<u>1,836,006</u>
Net capital assets being depreciated	<u>1,258,337</u>	<u>(87,628)</u>	<u>0</u>	<u>1,170,709</u>
Governmental activities, total capital assets - net of depreciation	<u>\$ 1,544,501</u>	<u>\$ (87,628)</u>	<u>\$ 0</u>	<u>\$ 1,456,873</u>
<u>Business-type activities:</u>				
Capital assets being depreciated:				
Water system	\$ 5,648,866	\$ 3,827	\$ 0	\$ 5,652,693
Sewer system	17,768,745	379,769	143,507	18,005,007
Subtotal	<u>23,417,611</u>	<u>383,596</u>	<u>143,507</u>	<u>23,657,700</u>
Less accumulated depreciation for:				
Water system	2,268,129	130,885	0	2,399,014
Sewer system	7,881,135	355,901	0	8,237,036
Subtotal	<u>10,149,264</u>	<u>486,786</u>	<u>0</u>	<u>10,636,050</u>
Business-type activities, total capital assets, net of depreciation	<u>\$ 13,268,347</u>	<u>\$ (103,190)</u>	<u>\$ 143,507</u>	<u>\$ 13,021,650</u>

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2005

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Ending Balance</u>
<u>Component unit activities:</u>				
Capital assets being depreciated:				
Equipment	\$ 50,000	\$ 0	\$ 0	\$ 50,000
Less accumulated depreciation for:				
Equipment	<u>26,667</u>	<u>5,000</u>	<u>0</u>	<u>31,667</u>
Component unit activities, total capital assets, net of depreciation	<u>\$ 23,333</u>	<u>\$ (5,000)</u>	<u>\$ 0</u>	<u>\$ 18,333</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 56,795
Public safety	58,262
Sanitation	4,597
Protective inspections	<u>1,984</u>
Total governmental activities depreciation expense	<u>\$ 121,638</u>
Business-type activities:	
Water	\$ 130,885
Sewer	<u>355,901</u>
Total business-type activities depreciation expense	<u>\$ 486,786</u>
Component unit activities:	
Downtown Development Authority	<u>\$ 5,000</u>

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2005

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A summary of inter-fund receivable and payable balances at December 31, 2005 and transfers made during the year ended December 31, 2005 is as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 220,539	\$ 2,246	\$ 21,008	\$ 0
Trash Collection	290,685	1,519	0	0
Sanitary Sewer	5,047	0	0	0
Inspection	0	7,313	0	0
Drain Relief Operating and Branches Drainage District	67,408	0	0	0
Downtown Development Authority	96,293	0	0	21,008
Current Tax	0	668,690	0	0
Treasurer's Trust and Agency	0	204	0	0
	<u>\$ 679,972</u>	<u>\$ 679,972</u>	<u>\$ 21,008</u>	<u>\$ 21,008</u>

These interfund receivable and payable balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The Downtown Development Authority transferred \$21,008 to the General Fund for reimbursement of equipment.

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2005

NOTE 6 - LONG-TERM DEBT

The Township's debt is related to water and sewer system improvements and is reported in the proprietary funds as the Bay County Department of Water and Sewer Bangor Enterprise Funds. The following detail shows what is owed by the Township.

Long-term obligation activity can be summarized as follows:

	Balance January 1, 2005	Additions	Retirements and Payments	Balance December 31, 2005	Amount Due Within One Year
Bonds	<u>\$3,388,547</u>	<u>\$ 0</u>	<u>\$ 749,293</u>	<u>\$2,639,254</u>	<u>\$ 795,915</u>
			Beginning Balance	Increase (Decrease)	Ending Balance
<u>Primary Government</u>					
1997 Bangor Township Water Extension Note, due in annual installments through 2007 with an interest rate of 5.25%			\$ 295,591	\$ (116,238)	\$ 179,353
Bay County West Side Regional Sewage Disposal General Obligation Bonds, dated July 1, 1978, due in annual installments through May 1, 2008, bearing interest rates of 5.5% to 6.5%.			2,522,331	(600,555)	1,921,776
			2,817,922	(716,793)	2,101,129
<u>Component Unit</u>					
Michigan Municipal Bond Authority Local Government Loan Program Revenue bonds Series 1997B, dated August 13, 1997, due in annual installments through 2017, bearing interest rates of 4.55% to 8.0%.			570,625	(32,500)	538,125
	<u>\$ 3,388,547</u>		<u>\$ (749,293)</u>		<u>\$ 2,639,254</u>

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2005

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year End December 31</u>	<u>Business-Type Activities</u>		<u>Component Unit Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 762,165	\$ 95,512	\$ 33,750	\$ 26,923
2007	698,372	54,111	35,625	25,293
2008	640,592	17,616	36,875	23,571
2009	0	0	38,750	21,727
2010	0	0	40,625	19,742
2011-2015	0	0	238,125	56,176
2016-2020	0	0	114,375	13,854
Total	<u>\$ 2,101,129</u>	<u>\$ 167,239</u>	<u>\$ 538,125</u>	<u>\$ 187,286</u>

NOTE 7 - PENSION PLAN

The Township has established The Charter Township of Bangor Group Pension Plan, a defined contribution, contributory retirement plan that covers substantially all employees of the Township. The plan requires a mandatory employee contribution of 5% of base pay and allows an additional participant contribution of up to 10% of base pay. The employer's contribution to the plan is 10% of base pay. The employer's pension expense for the year ended December 31, 2005 was \$104,590.

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2005

NOTE 8 - COMPENSATED ABSENCES PAYABLE

Under the negotiated fire-fighters union contract, fire-fighters have the use of an unlimited number of sick days until such a time (six months) that they qualify for long-term disability insurance. The Township has a short-term disability insurance policy, which covers a portion of the employee's compensation for illnesses that exceed seven days until they qualify for the long-term disability. Therefore, there are no compensated absences related to sick pay payable at December 31, 2005.

Under the negotiated clerical workers contract, those covered receive five days of compensated sick days per year. For illnesses that exceed seven days, short-term disability becomes effective through the first six months. Beyond six months, long-term disability becomes effective. Therefore at December 31, 2005, there are no compensated absences payable.

The Department of Water and Sewer has an employee benefit plan that allows employees to accumulate unused sick days up to a maximum of 120 days. Union employees may either use these sick days when ill or receive payment for 70% of the unused portion at time of retirement. All other employees receive 85% of the unused portion at time employment is terminated. Employees are also allowed to accumulate unused vacation days. Employees can accumulate a maximum of 30 days to carry over at the end of the year. In addition, the DWS provides a longevity payment to all supervisory and administrative employees at time of retirement. The benefit is based on years of employment time one-third of monthly salary, with a maximum payment of six months of salary. The cost of this benefit is recognized when earned. The total liability for compensated absences was \$65,081.

NOTE 9 - FUND BALANCES – DESIGNATED

The following is activity related to designated fund balances:

	Balance January 1, 2005	Additional Designations	Usage of Designations	Balance December 31, 2005
Fire Department	\$ 121,097	\$ 0	\$ 0	\$ 121,097
Acquisition of data equipment	19,700	0	0	19,700
Road improvement	33,538	0	11,119	22,419
Township vehicle replacement	14,000	0	0	14,000
Building and grounds improvement	6,495	0	0	6,495
Drain project	64,359	0	21,035	43,324
Sidewalks	60,000	0	19,927	40,073
Encumbrances	67,631	93,201	67,631	93,201
	<u>\$ 386,820</u>	<u>\$ 93,201</u>	<u>\$ 119,712</u>	<u>\$ 360,309</u>

Charter Township of Bangor
Notes to Financial Statements
For the Year Ended December 31, 2005

NOTE 10 - RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	Water Fund	Sewer Fund	Total
Operating income (loss)	\$ 334,922	\$ (64,592)	\$ 270,330
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	130,885	355,901	486,786
Changes in assets and liabilities			
Accounts receivable	(1,347)	(675)	(2,022)
Due from other governments	(62,935)	0	(62,935)
Prepaid expenses	506	(2,039)	(1,533)
Accounts payable	463,265	9,194	472,459
Accrued payroll	(650)	548	(102)
Compensated absences	2,768	0	2,768
Net cash provided by operating activities	<u>\$ 867,414</u>	<u>\$ 298,337</u>	<u>\$ 1,165,751</u>

NOTE 11 - DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, property tax revenues received or accrued prior to meeting all eligibility requirements and other governmental revenues amounted to \$1,494,170.

Charter Township of Bangor
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2005

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Taxes	\$ 550,550	\$ 577,390	\$ 577,902	\$ 512
Collection fees	170,821	177,575	179,395	1,820
State shared revenue	1,177,565	1,204,846	1,204,846	0
Special assessments levied	44,300	85,645	43,657	(41,988)
Interest and rental	63,825	97,777	92,385	(5,392)
Licenses and permits	151,700	153,342	153,276	(66)
Charges for services	70,200	72,596	72,510	(86)
Grant	0	72,225	33,048	(39,177)
Other	60,993	247,232	234,105	(13,127)
Total revenues	2,289,954	2,688,628	2,591,124	(97,504)
<u>Expenditures</u>				
Legislative	35,462	35,387	35,377	10
General government	779,247	835,360	809,031	26,329
Public safety	1,432,260	1,465,245	1,362,915	102,330
Public works	344,532	196,233	133,827	62,406
Recreation activities	50,000	269,938	269,938	0
Other	50,000	84,320	79,466	4,854
Capital outlay	15,604	15,604	15,604	0
Total expenditures	2,707,105	2,902,087	2,706,158	195,929
Excess (deficiency) of revenues over expenditures	(417,151)	(213,459)	(115,034)	98,425
<u>Other Financing (Uses)</u>				
Operating transfers in	0	21,008	21,008	0
Excess (deficiency) of revenues over expenditures and other financing uses	(417,151)	(192,451)	(94,026)	98,425
Fund balance - beginning of year	1,529,924	1,529,924	1,529,924	0
Fund balance - end of year	\$ 1,112,773	\$ 1,337,473	\$ 1,435,898	\$ 98,425

Charter Township of Bangor
 Required Supplemental Information
 Budgetary Comparison Schedule - Sanitary Sewer Fund
For the Year Ended December 31, 2005

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Taxes	\$ 207,118	\$ 207,118	\$ 207,118	\$ 0
Charges for services	91,900	93,885	93,885	0
Grant	0	174,000	174,000	0
Interest	12,000	25,139	25,139	0
Total revenues	311,018	500,142	500,142	0
<u>Expenditures</u>				
Other	226,150	226,150	177,671	48,479
Payment to Enterprise Fund for debt service	373,000	373,000	260,502	112,498
Total expenditures	599,150	599,150	438,173	160,977
Excess (deficiency) of revenues over expenditures	(288,132)	(99,008)	61,969	160,977
Fund balance - beginning of year	999,733	999,733	999,733	0
Fund balance - end of year	<u>\$ 711,601</u>	<u>\$ 900,725</u>	<u>\$ 1,061,702</u>	<u>\$ 160,977</u>

Charter Township of Bangor
Required Supplemental Information
Budgetary Comparison Schedule - Trash Collection Fund
For the Year Ended December 31, 2005

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Taxes	\$ 679,790	\$ 679,528	\$ 679,526	\$ (2)
Charges for services	1,000	3,022	3,022	0
Interest	2,000	8,197	8,196	(1)
Total revenues	682,790	690,747	690,744	(3)
<u>Expenditures</u>				
Sanitation	682,790	690,747	669,216	21,531
Total expenditures	682,790	690,747	669,216	21,531
Excess of revenues over expenditures	0	0	21,528	21,528
Fund balance - beginning of year	76,888	76,888	76,888	0
Fund balance - end of year	<u>\$ 76,888</u>	<u>\$ 76,888</u>	<u>\$ 98,416</u>	<u>\$ 21,528</u>

Charter Township of Bangor
Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005

	<u>Special Revenue Funds</u>			
	Bangor Township Relief Drain and Branches Drainage District	Drain Relief Operating	Inspection	Totals
<u>ASSETS</u>				
Cash and investments	\$ 77,504	\$ 18,186	\$ 266,298	\$ 361,988
Taxes receivable	145,042	0	0	145,042
Prepaid expenses	0	0	200	200
Due from fiduciary funds	67,408	0	0	67,408
Total assets	<u>\$ 289,954</u>	<u>\$ 18,186</u>	<u>\$ 266,498</u>	<u>\$ 574,638</u>
<u>LIABILITIES AND FUND BALANCE</u>				
<u>Liabilities</u>				
Accounts payable	\$ 0	\$ 0	\$ 3,838	\$ 3,838
Due to governmental funds	0	0	7,313	7,313
Deferred revenue	212,450	0	0	212,450
Total liabilities	212,450	0	11,151	223,601
<u>Fund Balance</u>				
Reserved	77,504	18,186	255,347	351,037
Total Liabilites and Fund Balance	<u>\$ 289,954</u>	<u>\$ 18,186</u>	<u>\$ 266,498</u>	<u>\$ 574,638</u>

Charter Township of Bangor
 Other Supplemental Information
 Combining Statement of Revenues, Expenditures, and Changes
 in Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2005

	<u>Special Revenue Funds</u>			
	Bangor Township Relief Drain and Branches Drainage District	Drain Relief Operating	Inspection	Totals
<u>Revenues</u>				
Taxes	\$ 211	\$ 204,160	\$ 0	\$ 204,371
Interest	5,186	371	6,314	11,871
Other	0	0	562	562
Licenses and permits	0	0	192,074	192,074
Total revenues	<u>5,397</u>	<u>204,531</u>	<u>198,950</u>	<u>408,878</u>
<u>Expenditures</u>				
Protective inspections	0	0	184,076	184,076
Other	451	217,875	0	218,326
Capital outlay	0	0	18,406	18,406
Total expenditures	<u>451</u>	<u>217,875</u>	<u>202,482</u>	<u>420,808</u>
Excess of revenues over (under) expenditures	<u>4,946</u>	<u>(13,344)</u>	<u>(3,532)</u>	<u>(11,930)</u>
Excess (deficiency) of revenues over expenditures	4,946	(13,344)	(3,532)	(11,930)
Fund balance - beginning of year	<u>72,558</u>	<u>31,530</u>	<u>258,879</u>	<u>362,967</u>
Fund balance - end of year	<u>\$ 77,504</u>	<u>\$ 18,186</u>	<u>\$ 255,347</u>	<u>\$ 351,037</u>

Charter Township of Bangor
 Other Supplemental Information
 Proprietary Sewer Fund
 Combining Statement of Net Assets
December 31, 2005

	<u>DWS</u>	<u>Township</u>	<u>Total</u>
<u>Assets</u>			
Current Assets			
Cash and investments	\$ 1,035,382	\$ 0	\$ 1,035,382
Accounts receivables - net	108,058	0	108,058
Interest receivable	6,111	0	6,111
Prepaid expenses	2,039	0	2,039
Total current assets	<u>1,151,590</u>	<u>0</u>	<u>1,151,590</u>
Capital assets - at cost	17,796,418	208,589	18,005,007
Less allowance for depreciation	<u>(8,236,601)</u>	<u>(435)</u>	<u>(8,237,036)</u>
Net capital assets	<u>9,559,817</u>	<u>208,154</u>	<u>9,767,971</u>
Total Assets	<u>10,711,407</u>	<u>208,154</u>	<u>10,919,561</u>
<u>Liabilities</u>			
Current Liabilities			
Accounts payable	12,068	0	12,068
Accrued payroll	548	0	548
Accrued interest payable	17,375	0	17,375
Bonds payable	640,592	0	640,592
Total current liabilities	<u>670,583</u>	<u>0</u>	<u>670,583</u>
Long-term Liabilities			
Bonds payable	1,281,184	0	1,281,184
Total long-term liabilities	<u>1,281,184</u>	<u>0</u>	<u>1,281,184</u>
Total Liabilities	<u>1,951,767</u>	<u>0</u>	<u>1,951,767</u>
<u>Net Assets</u>			
Invested in capital assets - net of related debt	7,620,666	208,154	7,828,820
Unrestricted	<u>1,138,974</u>	<u>0</u>	<u>1,138,974</u>
Total Net Assets	<u>\$ 8,759,640</u>	<u>\$ 208,154</u>	<u>\$ 8,967,794</u>

Charter Township of Bangor
 Other Supplemental Information
 Combining Statement of Revenues, Expenses and Changes
 in Net Assets - Proprietary Sewer Fund
For the Year Ended December 31, 2005

	<u>DWS</u>	<u>Township</u>	<u>Total</u>
Gross service charges	\$ 1,514,821	\$ 0	\$ 1,514,821
Operating revenues:			
Charges, fees, etc.	<u>1,600</u>	<u>0</u>	<u>1,600</u>
Total operating revenues	<u>1,600</u>	<u>0</u>	<u>1,600</u>
Operating expenses:			
Personal services	145,707	0	145,707
Utilities	8,900	0	8,900
Regional charges	995,300	0	995,300
Operation and maintenance	27,212	0	27,212
Administration	42,525	0	42,525
Fiscal and other charges	5,468	0	5,468
Depreciation	<u>355,466</u>	<u>435</u>	<u>355,901</u>
Total operating expenses	<u>1,580,578</u>	<u>435</u>	<u>1,581,013</u>
Operating income (loss)	(64,157)	(435)	(64,592)
Nonoperating revenues (expenses):			
Interest income	36,966	0	36,966
Interest expense	(113,052)	0	(113,052)
Payment by local unit	<u>260,502</u>	<u>208,589</u>	<u>469,091</u>
Change in net assets	120,259	208,154	328,413
Net assets - beginning of year	<u>8,639,381</u>	<u>0</u>	<u>8,639,381</u>
Net assets - end of year	<u><u>\$ 8,759,640</u></u>	<u><u>\$ 208,154</u></u>	<u><u>\$ 8,967,794</u></u>

Charter Township of Bangor
 Other Supplemental Information
 Combining Statement of Cash Flows
 Proprietary Sewer Fund
For the Year Ended December 31, 2005

	<u>DWS</u>	<u>Township</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 1,514,146	\$ 0	\$1,514,146
Cash payments to suppliers for goods and services	(1,072,250)	0	(1,072,250)
Cash payments to employees for services	(145,159)	0	(145,159)
Other operating income	1,600	0	1,600
Net cash provided by operating activities	<u>298,337</u>	<u>0</u>	<u>298,337</u>
Cash flows from capital and related financing activities:			
Principal paid on long-term debt	(600,555)	0	(600,555)
Interest paid on long-term debt	(122,213)	0	(122,213)
Payments from (to) local units	260,502	0	260,502
Acquisition and construction of capital assets	(27,673)	0	(27,673)
Net cash (used) by capital and related financing activities	<u>(489,939)</u>	<u>0</u>	<u>(489,939)</u>
Cash flows from investing activities:			
Interest and investment earnings	<u>33,143</u>	<u>0</u>	<u>33,143</u>
Net increase (decrease) in cash and cash equivalents	(158,459)	0	(158,459)
Cash and cash equivalents, beginning of year	<u>1,193,841</u>	<u>0</u>	<u>1,193,841</u>
Cash and cash equivalents, end of year	<u>\$ 1,035,382</u>	<u>\$ 0</u>	<u>\$1,035,382</u>